COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AMERICAN COMMUNICATION)
SERVICES OF LOUISVILLE, INC. FOR THE)
ISSUANCE OF A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO PROVIDE) CASE NO. 94-268
INTRASTATE SERVICES TO CONSUMERS LOCATED)
WITHIN KENTUCKY)

O R D E R

On September 20, 1995, the Commission entered its final Order granting American Communication Services of Louisville, Inc. ("ACSI") authorization to provide intrastate special access and private line telecommunications services. The Order, however, specifically prohibited ACSI from providing services which originate and terminate within an exchange or local calling area.

On October 6, 1995, ACSI petitioned for an informal conference. On October 13, 1995, ACSI filed its Petition for Rehearing ("ACSI Petition"). The petition requesting an informal conference essentially argues that the Commission's September 20, 1995 Order should be reconsidered. Consequently, both petitions shall be addressed together in this Order.

ACSI argues, inter alia, that allowing it to provide private line intraexchange service is in the public interest. It also contends, based upon evidence offered at the hearing, that there will be no impact on universal service or local rates if it is allowed to provide intra-exchange private line service. BellSouth

Telecommunications, Inc., d/b/a South Central Bell ("BellSouth"), opposes ACSI's petition.

Our Order in Administrative Case No. 323[1] is dispositive. That Order limited the geographic scope of competition. Administrative Case No. 355[2] is the appropriate docket in which arguments should be heard regarding intraexchange private line competition, which involves broad public policy issues that should not be resolved on a piecemeal basis.

A primary and crucial consideration in Administrative Case No. 355 is universal service. ACSI claims it has shown that permitting it to provide private line intraexchange service will have no effect on local rates or universal service; however, universal service issues are complex and inextricably linked to the revenues from services currently offered by local exchange carriers. Administrative Case No. 355, set up specifically to deal with these intricate issues and to protect the public interest in relation to them, constitutes the framework in which the Commission will assemble and assess all relevant evidence as it pertains to the total impact of intraexchange competition. When such assessment is complete, the Commission will deal with universal service issues accordingly. It is inappropriate, as well as potentially

---

[1]   Administraive Case No. 323, An Inquiry Into IntraLATA Toll Competition, An Appropriate Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

[2]   Administrative Case No. 355, An Inquiry Into Local Competition, Universal Service, and the Non-Traffic Sensitive Access Rate.

-2-

counterproductive, to isolate and treat separately the type of intraexchange service ACSI wishes to offer. ACSI states there is "little doubt" local rates would be unaffected if it receives the authority it seeks, since the services involved "represent only 5% of SCB's total intrastate revenues in Kentucky" [ACSI Petition, at 8]. Five percent of BellSouth's Kentucky revenue is, however, a great deal of money. Moreover, the authorization ACSI seeks would enable it to enter not only BellSouth's area, but also those currently served by the other local exchange carriers. It remains to be seen whether, or how, local service would be affected by potential erosion of this revenue. This issue will be among those considered by the Commission in Administrative Case No. 355.

IT IS THEREFORE ORDERED that

1. ACSI's petition for rehearing is denied.

2. The petition for rehearing having been denied, ACSI's petition for informal conference is hereby dismissed as moot.

Done at Frankfort, Kentucky, this 2nd day of November, 1995.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director